GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

I&I Department – Providing State Government Guarantee for the loan to be obtained by APMB for development of Mulapeta Port (Previously Bhavanapadu Port) in Srikakulam District from Power Finance Corporation Limited for an amount of Rs.3884.70 crores– Orders – Issued.

INFRASTRUCTURE & INVESTMENTS (PORTS) DEPARTMENT

G.O.Ms.No. 09 **Dated:18.07.2023**

Read the following:

1) G.O. Ms. No.8, I&I (PORTS -I) Department dated 17.08.2021
2) G.O. Ms. No.2, I&I (PORTS) Department, dated 10.03.2022
3) From the Chief Executive Officer, APMB e-office file Computer No. 2015080

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O R D E R:

In the reference 1st read above, Government have approved the revised DPR prepared by M/s. RITES towards development of Bhavanapadu Port in Srikakulam Dist., under Landlord model and accorded administrative sanction to take up phase-1 works with total project cost of Rs.4361.9 crores with completion period of 30 months for development of Green field Port at Bhavanapadu (now Mulapeta)port in Srikakulam District by providing support to an extent of Rs. 527.22 crores towards Land acquisition while permitting APMB to raise debt of Rs.3,053.34 Crores at a Debt: Equity ratio of 70:30 with appropriate support of the State Government.

2. In the reference 2nd read above, Government have approved to provide State Government Guarantee, for the loans to be obtained by Andhra Pradesh Maritime Board (APMB) for implementing the three (3) green field port projects Ramayapatnam, Bhavanapadu & Machilipatnam to an extent of Rs.8,741.00 crores for the above component which includes a debt of Rs.3,053 crores for Mulapeta Port (previously called as Bhavanapadu Port) with Govt Guarantee at a Debt:Equity ratio of 70:30.

3. In the reference 3rd read above, the CEO,APMB has submitted that the Power Finance Corporation have agreed to provide a loan at a Debt:Equity ratio of 80:20 for a Mulapeta Port Project cost of Rs.4,855.87 Crores and Loan amount of Rs. 3,884.7 Crores @ 10.15% interest on the terms and conditions of the sanctioned letter issued by Power Finance Corporation. He has submitted that the variation in the Govt guarantee amount from Rs. 3,053 Crs to 3,884.7 Crs (i.e., Increase of Rs. 831.7 Crs) is mainly due to the following reasons:

A. Firstly, change in the Debt:Equity ratio from 70:30 to 80:20 has resulted in 10% reduction in the equity requirement to the extent of Rs. 485.5 crores with proportionate increase in the Debt of Rs 485.5 Crs.
B. Secondly, the Interest During Construction has increased from Rs. 225 Crores as projected in DPR to Rs. 555.68 Cr on account of change in Debit:Equity ratio and increase in interest rates on account of macro-economic factors globally
C. The balance difference is on account of Pre operative expenses/contingencies as factored by lenders as part of their sanction

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4. The CEO, APMB has requested the Government to execute the Government guarantee in favour of Power Finance Corporation to finance to Mulapeta Port (Bhavanapadu port)in Srikakulam District project for the revised debt requirement of Rs. 3,884.7 Crs, in line with the sanction received from Power Finance Corporation Limited.

5. Government after careful examination of the matter, hereby approved the proposal of APMB and permit the APMB to obtain loan of Rs.3884.70 crores @ 10.15% interest from Power Finance Corporation Limited for development of Mulapeta Port (Previously Bhavanapadu Port) in Srikakulam District and to execute the State Govt., guarantee deed by Power Finance Corporation for an amount of Rs.3884.70 crores @ 10.15% with the terms and conditions, which is variation of the Govt. orders i.e permission granted to APMB for 3,053 crores in the reference 2nd read above.

6. The Chief Executive Officer, Andhra Pradesh Maritime Board (APMB) shall take necessary action, accordingly.

7. This order issues with the concurrence of Finance Department – vide their U.O.No.FIN01-FMU0MISC/114/2021-FMU-IIEIC, dated 30.06.2023.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALAVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Chief Executive Officer, Andhra Pradesh Maritime Board (APMB)
Copy to:
The Prl. Accountant General (Audit.I) A.P., Vijayawada
The Director of Treasuries & Accounts, AP.
The Director, Works & Accounts, AP
The OSD to Special Chief Secretary to Hon'ble CM
The OSD to Hon'ble Minister (I&I) Dept.
The Finance (FMU-ENERGY&I&I) Dept.
The GA(Cabinet) Dept., Secretariat, AP., Velagapudi
The PS to Special Chief Secretary to Govt.I&I Dept.
Sf/Sc (INI01-PORT/88/2021-PORT-1655858)

//FORWARDED :: BY ORDER//

B. Venkateswarlu
SECTION OFFICER